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7 UNITED STATES DISTRICT COURT
8 WESTERN DISTRICT OF WASHINGTON
9 AT SEATTLE

10 PROMEDEV, LLC,

11 Plaintiff,

12 v.

13 ROBY WILSON, et al.,

14 Defendants.

CASE NO. C22-1063JLR

ORDER

15 **I. INTRODUCTION**

16 On April 1, 2024, the court ordered Defendants / Counterclaimants Roby Wilson,
17 MaXXiMedia Advertising Co., and Imagipix Corporation (collectively, “Defendants”)
18 and their attorneys to show cause why the court should not issue Rule 11 sanctions based
19 on Defendants’ pursuit of an excessively broad copyright infringement claim. (4/1/24
20 Order (Dkt. # 93) at 27-28.) Defendants timely filed a response to the court’s show cause
21 order. (4/8/24 OSC Resp. (Dkt. # 97).) With the court’s permission, Promedev also filed
22 a brief on the issue. (See 4/8/24 Order (Dkt. # 104); Promedev Br. (Dkt. # 108).) The

1 court has considered the parties' submissions, the relevant portions of the record, and the
 2 governing law. Being fully advised,¹ the court issues Rule 11 sanctions against
 3 Defendants' attorneys.

4 II. BACKGROUND

5 Defendants produced and placed commercials for Plaintiff / Counter-Defendant
 6 Promedev, LLC ("Promedev"). (4/1/24 Order at 2.) Promedev initiated this lawsuit after
 7 the parties' relationship soured (*see generally* Compl. (Dkt. # 1)), and Defendants filed
 8 several counterclaims, including a claim for copyright infringement (*see* Counterclaims
 9 (Dkt. # 25) at 11-14). Defendants alleged that they owned eight registered copyrights and
 10 that Promedev had infringed Defendants' copyrighted commercials from 2018 through
 11 the present. (*See* Counterclaims ¶¶ 42, 52, 59.)

12 On January 6, 2023, Promedev filed a motion to strike certain paragraphs in
 13 Defendants' counterclaims because it suspected that Defendants' copyright infringement
 14 claim extended beyond infringement of the eight registered works. (*See* Mot. to Strike
 15 (Dkt. # 26) at 3 (discussing "MaXXiMedia's improper attempt at circumventing the
 16 explicit statutory requirements of the Copyright Act that creative works be properly
 17 registered with the U.S. Copyright Office prior to initiating an enforcement action").)
 18 Defendants countered that Supreme Court precedent "expressly allow[ed]" them to
 19 pursue claims for unregistered works under 17 U.S.C. § 106A. (MTS Resp. (Dkt. # 34)
 20 at 4 (citing *Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154, 165 (2010)).) The court,

21
 22 ¹ The court concludes that oral argument would not assist with its disposition of this
 issue.

1 “declin[ing] to adjudicate the merits of MaXXiMedia’s amended counterclaim for
2 copyright infringement on a motion to strike,” allowed the parties to “raise their
3 arguments regarding the availability of copyright infringement actions for unregistered
4 works at a later time.” (3/2/23 Order (Dkt. # 40) at 20 & n.6.)

5 Defendants’ continued pursuit of their broad copyright infringement claim soon
6 led to a discovery dispute. (*See generally* 7/10/23 Min. Entry (Dkt. # 50).) On July 10,
7 2023, the court ordered Defendants to identify the works they claimed were subject to
8 copyright protection. (*Id.*) In response, Defendants provided a list of 132 different
9 commercials that “MaXXiMedia believes have been infringed.” (2/8/24 Rainwater Decl.
10 (Dkt. # 73) ¶ 2, Ex. A at 22-27.) Defendants continued arguing that Promedev infringed
11 all of these commercials through summary judgment. (*See, e.g.*, MSJ Resp. (Dkt. # 81) at
12 8 (“Promedev attempts to refute MaXXiMedia’s infringement claim . . . while ignoring
13 well over a hundred advertisements created in total.”).)

14 On March 26, 2024, the court ordered Defendants to show cause why their
15 copyright infringement claim should not be dismissed for failure to demonstrate that they
16 had registered their copyrights before filing suit. *See* 17 U.S.C. § 411(a) (“Except for an
17 action brought for a violation of the rights of the author under section 106A(a), . . . no
18 civil action for infringement of the copyright in any United States work shall be instituted
19 until preregistration or registration of the copyright claim has been made in accordance
20 with this title.”); *Fourth Est. Pub. Benefit Corp. v. Wall-Street.com, LLC*, 586 U.S. ---,
21 139 S. Ct. 881, 886 (2019) (stating that copyright registration “is akin to an

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1 administrative exhaustion requirement that the owner must satisfy before suing to enforce
2 ownership rights”).

3 Despite having pursued a claim for infringement of 132 copyrighted commercials
4 throughout this litigation, Defendants finally acknowledged in their response that they
5 lacked registrations for all but the eight commercials identified in their counterclaims.
6 (*See* 3/27/24 OSC Resp. (Dkt. # 91) at 1-2.) Moreover, Defendants appeared to narrow
7 their infringement allegations, focusing solely on Promedev’s alleged infringement from
8 July 1, 2022 to August 28, 2022. (*See generally id.*) Defendants’ response came as a
9 “surprise[]” to Promedev, which “[i]n reliance on Maxximedia’s response, whereby
10 Maxximedia identified 132 ads Promedev allegedly infringed upon, . . . spent countless
11 hours over many months in discovery trying to pin down and address such alleged
12 infringement for those ads.” (3/28/24 Rainwater Email (Dkt. # 100-1).)

13 The court found that Defendants’ “continued assertion” of 124 unregistered
14 copyrights amounted to “bad faith litigation” and ordered Defendants and their attorneys
15 to show cause why the court should not issue Rule 11 sanctions. (4/1/24 Order at 26-28);
16 *see* Fed. R. Civ. P. 11(c)(3). The court now finds that such sanctions should be imposed
17 against Defendants’ attorneys.

18 III. ANALYSIS

19 A. Legal Standard

20 Courts may issue sanctions for violations of Federal Rule of Civil Procedure
21 11(b). Rule 11(b) provides that

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[b]y presenting to the court a pleading, written motion, or other paper—whether by signing, filing, submitting, or later advocating it—an attorney or unrepresented party certifies that to the best of the person’s knowledge, information, and belief, formed after an inquiry reasonable under the circumstances:

(1) it is not being presented for any improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation;

(2) the claims, defenses, and other legal contentions are warranted by existing law or by a nonfrivolous argument for extending, modifying, or reversing existing law or for establishing new law;

(3) the factual contentions have evidentiary support or, if specifically so identified, will likely have evidentiary support after a reasonable opportunity for further investigation or discovery; and

(4) the denials of factual contentions are warranted on the evidence or, if specifically so identified, are reasonably based on belief or a lack of information.

Fed. R. Civ. P. 11(b); *see also Amwest Mortg. Corp. v. Grady*, 925 F.2d 1162, 1164 (9th Cir. 1991) (“Rule 11 sanctions should be applied if a competent attorney, after reasonable inquiry, would not have a good faith belief in the merit of a legal argument.”).

Before imposing sanctions, the court must adhere to the requirements set forth in Rule 11(c). An attorney, law firm, or party must be given “notice and a reasonable opportunity to respond” before the court issues Rule 11 sanctions. Fed. R. Civ. P. 11(c)(1). This requirement may be satisfied by an order “to show cause why conduct specifically described in the order has not violated Rule 11(b).” Fed. R. Civ. P. 11(c)(3). If the court chooses to issue sanctions, such sanctions “must be limited to what suffices to deter repetition of the conduct or comparable conduct by others similarly situated.” Fed. R. Civ. P. 11(c)(4). Moreover, the court “must not impose a monetary sanction” “against

1 a represented party for violating Rule 11(b)(2)” or “on its own, unless it issued the
2 show-cause order under Rule 11(c)(3) before voluntary dismissal or settlement of the
3 claims.” Fed. R. Civ. P. 11(c)(5). “An order imposing a sanction must describe the
4 sanctioned conduct and explain the basis for the sanction.” Fed. R. Civ. P. 11(c)(6).
5 “Absent exceptional circumstances, a law firm must be held jointly responsible for a
6 violation committed by its partner, associate, or employee.” Fed. R. Civ. P. 11(c)(1).

7 **B. Rule 11(b) Sanctions**

8 On April 1, 2024, the court, “[p]ursuant to Federal Rule of Civil Procedure
9 11(c)(3),” “order[ed] Defendants and their attorneys to show cause why sanctions should
10 not issue for violations of Rule 11(b).” (4/1/24 Order at 27.) The court instructed
11 Defendants and their attorneys to “explain (1) the proper purpose behind their sweeping
12 copyright infringement claim, (2) why that claim was warranted by existing law or by a
13 nonfrivolous argument for extending, modifying, or reversing existing law, and (3) the
14 evidentiary support behind their factual contentions surrounding the breadth of their
15 copyright portfolio.” (*Id.* at 27-28 (citing Fed. R. Civ. P. 11(b)).)

16 Rather than explain the legitimate bases for their claim, Defendants chose to
17 blame Promedev for their error. (*See* 4/8/24 OSC Resp at 17 (“Because MaXXiMedia
18 was stonewalled throughout the discovery process, it was unable to establish which ads
19 were placed without its knowledge or consent; only that a large number of ads were
20 indeed placed as such.”).) It is now clear that Defendants, in an effort to save money on
21 registration fees, intended to turn the discovery process into a fishing expedition. (*See id.*
22 at 16 (“Had MaXXiMedia discovered that any additional specific creative works [were]

1 placed without its knowledge or approval, upon identifying the creative works
2 MaXXiMedia would have registered the same in order to further pursue its claims.”); *id.*
3 at 6 (stating that “MaXXiMedia faced the choice” of spending thousands on copyright
4 registrations “or conducting discovery and tailoring its claims accordingly”).)

5 Defendants’ tactics did not comply with the law. A party asserting copyright
6 infringement may not sue now and register later. *See Fourth Estate*, 139 S. Ct. at 892
7 (“[T]he average processing time for registration applications is currently seven months,
8 leaving ample time to sue after the Register’s decision, even for infringement that began
9 before submission of an application.”). The Supreme Court could not have been clearer
10 in holding that copyright claimants “must comply” with Section 411(a) “[b]efore
11 pursuing an infringement claim in court.” *Id.* at 887.

12 In their response to Promedev’s motion to strike, Defendants cited 17 U.S.C.
13 § 106A for the principle that they need not register their copyrights before filing suit.
14 (*See* MTS Resp. at 4.) That statute, however, does not apply to Defendants’ commercial
15 advertisements. Although Section 106A provides a limited exception to the registration
16 requirement for “work[s] of visual art,” 17 U.S.C. § 106A(a), the Copyright Act
17 explicitly excludes “motion picture[s] or other audiovisual work[s]” from the definition
18 of a “work of visual art,” 17 U.S.C. § 101. As another court considering this issue
19 already determined, “[t]he [claimant’s] videos are thus subject to the general rule
20 requiring registration of copyrighted works as a prerequisite to filing suit for
21 infringement.” *Scott v. Carlson*, No. 2:17CV10011, 2017 WL 3599249, at *2 (W.D. Va.
22 Aug. 21, 2017).

1 There is no excuse for Defendants’ prolonged assertion of 124 unregistered
 2 copyrights. The court finds that Defendants’ attorneys have violated Rule 11(b)(2).²
 3 Assertion of the unregistered works was not warranted by existing law or by a
 4 nonfrivolous argument for extending, modifying, or reversing existing law or for
 5 establishing new law.³ Defendants’ attorneys should have realized this over a year ago
 6 when Promedev raised the issue in its motion to strike. (*See* Mot. to Strike at 3.) Instead,
 7 they marched onward, arguing that Promedev’s “attempts to refute MaXXiMedia’s
 8 infringement claim . . . ignore[ed] well over a hundred advertisements created in total.”
 9 (MSJ Resp. at 8.) This court does not issue sanctions lightly, but this is an extraordinary
 10 case involving conduct so egregious as to necessitate sanctions.

11 The court finds that a monetary sanction equal to the cost of registering the 124
 12 unregistered copyrights is no greater than necessary to deter repetition of this conduct or
 13 comparable conduct by others similarly situated. *See* Fed. R. Civ. P. 11(c)(4).
 14 Defendants have “request[ed] that the Court take judicial notice of the U.S. Copyright
 15 Office’s application fees (Texas forms noted at \$125 per registration).” (4/8/24 OSC
 16 Resp. at 6 n. 26.) The court does so and issues a fee of \$125 for each of the 124 works,
 17 resulting in a monetary sanction of \$15,500.

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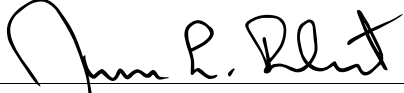
19
 20 ² To be clear, the court does not issue sanctions against Defendants, but rather their attorneys.

21 ³ Although the precise issue in *Fourth Estate* concerned whether “registration . . . has
 22 been made” under Section 411(a) when the copyright owner submits the application materials or only after the Copyright Office grants registration, 139 S. Ct. at 888, Defendants did not even take the initial step of submitting applications for the 124 advertisements.

1 **IV. CONCLUSION**

2 For the foregoing reasons, the court issues Rule 11 sanctions against Defendants'
3 attorneys. Defendants' attorneys are ORDERED to pay a fine of \$15,500 by no later than
4 **April 26, 2024**. The check shall be made payable to the "Clerk, U.S. District Court."
5 Defendants' attorneys shall file a certificate of compliance with this order by no later than
6 **May 3, 2024**.

7 Dated this 11th day of April, 2024.

8 
9 JAMES L. ROBART
United States District Judge